

MANAGEMENT MEMO

SUBJECT: UNIFORM STANDARDS FOR INFORMATION TECHNOLOGY PROCUREMENT	NUMBER: MM 07-02
	DATE ISSUED: JANUARY 5, 2007
	EXPIRES: JANUARY 5, 2008
REFERENCES: Public Contract Code §12104(d)	ISSUING AGENCY: Department of General Services

Purpose of this Management Memo

The focus of new information technology (IT) system procurements should be towards a “solution” approach so that the State may consider and select from a potential array of IT goods and/or services to meet the public policy and business needs of a State program, rather than specifying a particular product design. A new IT systems procurement should articulate and define a particular business need or policy challenge that needs to be solved by an IT solution. This management memo:

- Sets forth uniform standards for IT procurement, including both general considerations and requirements for each stage of the procurement process.
- Provides a conceptual “road map” for the IT procurement process, explaining the different stages and the major considerations in each, and a framework for how to think about IT acquisitions.
- Directs to further detail in the new State Contracting Manual (SCM), Volume 3.
- Provides references to relevant IT policy and procedure documents, including the new SCM, Volume 3, which consolidates IT procurement laws and policies.

Classifying IT acquisitions

Refer to SCM Volume 3, Chapter 1, Section B.

Applicability

This management memo applies to acquisitions of IT goods and/or services pursuant to Public Contract Code §12100 et seq., regardless of dollar amount, type of IT goods and/or services, and acquisition approach.

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**Principles
for IT
procurement**

The DGS' general principles for IT procurement are as follows:

- The State obtains IT goods and/or services that meet its needs and advance its policy goals, in a timely fashion, within budget, and with the least possible administrative burden.
 - Procurements are conducted with integrity and in a manner consistent with the State's requirements and policies, including its commitment to small businesses and Disabled Veteran Business Enterprises (DVBEs).
 - The State harnesses its expertise and purchasing power to obtain the best values available in the marketplace.
 - The State communicates clearly and consistently from procurement to procurement with interested parties so that they understand its goals.
 - The benefits of competition, which include obtaining a broad array of solutions to program and policy challenges, are maximized.
 - The State is appropriately protected from risk.
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**Reference
document
for IT
acquisitions**

Volume 3 of the SCM is a reference document for IT acquisitions. Its requirements apply to IT acquisitions by the DGS and departments with delegated purchasing authority. This is the document that contains the policies, procedures, and methods that shall be used when seeking bids for the acquisition of IT, including any policies contained in the SAM (Public Contract Code §12104(a)(1)).

**Other legal,
policy and
procedure
documents
that must be
followed**

In addition to SCM Volume 3, the procurement process shall be conducted in a manner consistent with:

- The laws and Constitution of the State of California.
 - All applicable regulations, including section 1400 et seq. of Title 1 and sections 870 et seq., 1895 et seq., and 1896 et seq. of Title 2 in the California Code of Regulations.
 - The SAM, including all applicable Management Memos.
 - SCM Volume 2, for IT acquisitions conducted under delegated purchasing authority.
 - The Statewide Information Management Manual.
 - The State Telecommunications Management Manual, if telecommunications goods or services are being acquired.
 - All applicable Executive Orders, including Executive Order D-37-01 on DVBE participation, S-20-04 on energy efficiency, and S-02-06 on small business participation.
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Uniform Standards

These uniform standards apply throughout the IT procurement process:

- Acquisitions shall be conducted in a manner consistent with applicable laws, regulations, policies, and procedures.
 - Acquisitions shall be conducted to advance the public policy purpose of the State program that the technology will serve.
 - Acquisitions shall be conducted in a professional manner that promotes direct, straightforward, and cooperative communication with the supplier community.
 - Contracting opportunities shall be enhanced, whenever possible, for eligible certified small businesses and DVBEs. Requirements for small business/DVBE participation are in Chapter 2 of SCM Volume 3.
 - Acquisitions and projects shall comply with Americans with Disabilities Act (ADA) requirements.
 - New systems should be conceived in terms of a solution.
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Public policy consideration

State departments shall give consideration to each of the following priorities to advance public policy for IT procurements:

- Business need
 - Business requirements (necessary or desirable)
 - Functionality
 - IT environment
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Stages of the procurement process

An additional uniform standard is the procurement process which consists of separate stages, regardless of the acquisition approach that is used. These stages are:

- Acquisition planning (defining the program need, assessing operational needs, selecting the acquisition method, and obtaining approvals).
- Acquisition Phase (conducting the acquisition).
- Post-award activity (contract management, project management, and reporting).

Steps for each of these stages are set forth below.

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Acquisition planning: defining the program need

In planning a new IT system procurement the focus should be towards a “solution” approach so that the State may consider and select from a potential array of IT goods and/or services to meet the public policy and business needs of a State program, rather than specifying a particular product design.

For all IT acquisitions departments shall follow these steps:

- Define the business need that solutions are to address.
- Determine whether the acquisition is justified.
- Verify that the goods and/or services to be acquired are IT.

Additional issues and requirements for defining the need are discussed in Chapter 1 of SCM Volume 3.

Acquisition planning: assessing operational needs

In assessing operational needs departments shall follow these steps:

- Consider fiscal and budgetary issues.
- Assess the timeframe in which the acquisition must be completed and determine the schedule for delivery and/or implementation.
- Assess the impact on physical facilities.
- Consider the risks associated with the procurement and the goods and/or services to be acquired.
- Consider risk protection strategies that will both protect the State and encourage competition.
- Determine whether there are available sources of the goods and/or services to be acquired (including existing State sources and contracts), and whether there is competition in the marketplace.

Additional issues and requirements for assessing business needs are discussed in Chapter 1 of SCM Volume 3.

Acquisition planning: selecting the acquisition method

In selecting the acquisition method, the State shall follow these rules:

- Use competitive means in all instances, unless the NCB process, emergency process, or an existing source is used in acquisitions of \$5,000 or more. Requirements are in Chapter 3 of SCM Volume 3.
 - Assess whether the acquisition can be made through existing sources, such as leveraged procurement agreements (LPAs),¹ community-based rehabilitation programs, interagency agreements, or State surplus.
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¹ A leveraged procurement agreement (LPA) is a contract awarded by the DGS (or a multi-state alliance) that consolidates the purchasing needs of multiple State departments. LPAs streamline the purchasing process by eliminating repetitive, resource-intensive, costly, and time-consuming bid processes by departments. LPAs include the California Multiple Awards Schedule (CMAS), Software License Program (SLP), Statewide contracts (including strategically sourced contracts), and master agreements (including Master Service Agreements, Master Rental Agreements, and Master Price Agreements, such as those awarded by the Western States Contracting Alliance).

Acquisition planning: obtaining approvals

For many IT acquisitions, it is necessary to obtain approvals before starting the procurement process. These approvals shall be obtained, as applicable, before releasing solicitation or purchase documents:

- The acquiring department shall verify that it has the authority to initiate the acquisition and to sign the resulting purchase documents.
- The acquiring department shall verify that it has the necessary approvals or delegated authority from the Department of Finance (DOF).
- If the acquisition involves telecommunications goods and/or services, the acquiring department shall verify that it has the necessary authority or approvals from the DGS Telecommunications Division (TD) or the Department of Technology Services (DTS), Statewide Telecommunications and Network Division (STND).
- If the acquisition is being conducted via the NCB process or requires DGS approval of an IT Procurement Plan (ITPP), the acquiring department shall verify that it has an approved NCB request and/or ITPP prior to releasing solicitation or purchase documents.
- If the acquisition is being conducted via an RFP, the RFP document must be approved by the DGS Office of Legal Services prior to release.

Further details on required approvals are contained in Chapter 1 of SCM Volume 3.

Acquisition Phase: Conducting acquisition

Acquisitions shall be conducted in a manner that complies with State policies and meet the State's needs. In conducting acquisitions, the State shall follow these requirements:

- Acquisition documents shall clearly set forth the rules and authority governing the acquisition.
 - Competitive solicitation documents shall clearly set forth the:
 - Business and technical requirements
 - Evaluation methodology to be used
 - Applicable protest procedures
 - Contract award procedures
 - If the acquisition is for a personal services contract pursuant to Government Code §19130(a), the acquiring department must notify the State Personnel Board pursuant to Government Code §19131 prior to contract execution.
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**Acquisition
Phase:
Conducting
acquisition
(continued)**

- Protests shall be handled in a manner consistent with law, regulation and policy. Requirements for protests are in Chapter 6 of SCM Volume 3.

These chapters of SCM Volume 3 spell out requirements and procedures for specific acquisition approaches and methods:

- Chapter 3: Competitive solicitations
 - Chapter 4: Acquisitions using the NCB or emergency process
 - Chapter 5: Acquisitions using LPAs
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**Post-award
activity**

Effective contract and project management ensures that the State and its contractors honor their agreements and deal with one another in good faith. Following the award of the contract, the acquiring department shall:

- Adhere to the provisions of the contract and comply with statutory requirements, policies and procedures.
 - Enforce contractual requirements.
 - Follow plans for project management and risk management, if applicable.
 - Manage implementation of the goods and/or services in accordance with the level of project oversight directed by DOF.
 - Fulfill all reporting requirements.
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**Who is
responsible
for IT
procurement
standards**

The Policies and Procedures Office within the DGS Procurement Division is the single entity solely responsible for the development, implementation, and maintenance of standardized methods for the development of requests for proposals. Personnel overseeing the Policies and Procedures Office are:

- Manager, Statewide Policy and Training Branch, Procurement Division, DGS
 - Assistant Deputy Director, Procurement Division, DGS
 - Deputy Director, Procurement Division (State Procurement Officer), DGS
 - Chief Deputy Director of the DGS
 - Director of the DGS
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Exemption Procurements necessary to meet the requirements of the Hawkins Data Center in the Department of Justice are exempt from the requirements of this management memo.

DGS contact For questions regarding this memo, please contact the Policies and Procedures Office at PPO@dgs.ca.gov or Susan Chan, Manager, Statewide Policy and Training Branch, at (916) 375-4601 or susan.chan@dgs.ca.gov.

Approval Original SAM Management Memo signed by Will Bush, Interim Director

Will Bush
Interim Director